

U.S. Department of Justice

*United States Attorney
Western District of New York*

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PRESS RELEASE

November 4, 2005

CONTRACTOR SENTENCED IN CITY BRIBERY CASE

RE: UNITED STATES v. JOSE CIPOLLA

Acting United States Attorney Kathleen M. Mehlretter announced that Jose Cipolla, age 47, of Rochester, New York, was sentenced by United States District Court Judge Charles J. Siragusa to five years probation, six months home confinement and fined \$5,000, in connection with his guilty plea on June 7, 2005 to perjury in the grand jury, in violation of 18 U.S.C. §1623, which carries a maximum sentence of 5 years imprisonment, a \$250,000 fine, or both.

Assistant U.S. Attorney Richard A. Resnick, who handled the case, stated that the defendant was the owner of Mardell Construction located 2316 Lyell Avenue, Rochester, New York. During the years 2002 through 2004, the defendant provided

kickbacks in amounts approximately equal to 2 to 5 percent of the contract amount to City of Rochester rehabilitation specialists. The defendant provided these kickbacks in order to insure that he received projects from the City of Rochester which were funded by the Department of Housing and Urban Development.

The rehabilitation specialists to whom the defendant provided kickbacks included Mark Stedman, David Lippa and Steven Young. The kickbacks were generally paid in cash. Many of the kickbacks paid to David Lippa were disguised as a loan the defendant was purportedly repaying to David Lippa. Further, on one occasion the defendant paid the Volunteers of America the amount of \$5,000 in connection with a mobile home purchased by Mark Stedman.

On March 8, 2005, the defendant testified in the federal grand jury impaneled in October 2004 in Rochester, New York in the Western District of New York. The defendant testified in connection with an investigation regarding whether City of Rochester rehabilitation specialists were receiving kickbacks from contractors to steer EACH and LEAD program projects. In the grand jury, the defendant testified that while he had paid kickbacks to Mark Stedman and Steve Young, he had not paid kickbacks to David Lippa. However, the defendant knew at the time of his testimony in the grand jury that he had in fact paid substantial kickbacks to David Lippa and that such information was substantial to the government's investigation of David Lippa.

The conviction was the culmination of an joint investigation on the part of the Federal Bureau of Investigation, under the direction of Peter Ahearn, the U.S. Department of Housing and Urban Development, Office of Inspector General, under the direction of Ruth Ritzema, and the United States Postal Inspection Service, under the direction of William E. Kezer.

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